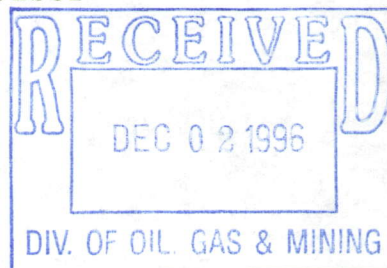


FELLER HOLDING CORPORATION
1203 West Sunset Boulevard
St. George, Utah 84770

November 25, 1996

Mr. D. Wayne Hedberg, Permit Supervisor
State of Utah
Department of Natural Resources
Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801



Subj: NOTICE OF INTENT TO COMMENCE MINERAL
EXPLORATION/MINING - Materials
Permit Application for Surface Mineral
Commodities.

Dear Mr. Hedberg:

On November 25, 1996 Feller Holding Corporation submitted an application for a Materials Permit for a forty acre portion of Section 11, T. 43 S., R. 16 W., to the School and Institutional Trust Lands Administration.

Although the Materials Permit has not been issued we hereby submit our NOTICE OF INTENT TO COMMENCE MINERAL EXPLORATION/MINING for the pending Permit outlining our mine plan. Also, a copy of this Notice has been mailed to the School and Institutional Trust Lands Administration as a part of our Materials Permit Application.

Sincerely,

Russell C. Feller

DOGM.
(Received
12/2/96)

FELLER HOLDING CORPORATION
1203 West Sunset Boulevard
St. George, Utah 84770

SCHOOL & INSTITUTIONAL TRUST LANDS ADMINISTRATION
NOTICE OF INTENT TO COMMENCE
MINERAL EXPLORATION/MINING

November 25, 1996

FELLER HOLDING CORPORATION
1203 West Sunset Boulevard
St. George, Utah 84770

SCHOOL & INSTITUTIONAL TRUST LANDS ADMINISTRATION
NOTICE OF INTENT TO COMMENCE
MINERAL EXPLORATION/MINING

November 25, 1996

FELLER HOLDING CORPORATION
1203 West Sunset Boulevard
St. George, Utah 84770

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SCHOOL & INSTITUTIONAL TRUST LANDS ADMINISTRATION
NOTICE OF INTENT TO COMMENCE
MINERAL EXPLORATION/MINING

- (a) Mineral exploration plans of operation shall contain all of the following.

Not applicable as no exploration is required or proposed.

- (b) Mining or mineral resource extraction plans of operation shall contain all of the following:

i) Names, addresses and telephone numbers of the applicant, the operator and lessee.

The Lessee of the property is FELLER HOLDING CORPORATION, whose address is 1203 West Sunset Boulevard, St. George, Utah 84770.

Their Telephone Number is 801-673-2349

The Operator of the property is FELLER STONE INC., whose address is 1203 West Sunset Blvd. St. George, Utah 84770.

Their Telephone Number is 801-673-2349.

ii) A general description of geologic conditions and the mineral resource, with

appropriate maps, within the area where mining is to be conducted.

The Utah State Lease included in this Notice of Intent is:

The $\text{NE}\frac{1}{4}\text{NE}\frac{1}{4}\text{NW}\frac{1}{4}$, $\text{N}\frac{1}{2}\text{NW}\frac{1}{4}\text{NE}\frac{1}{4}$ and the $\text{NW}\frac{1}{4}\text{NE}\frac{1}{4}\text{NE}\frac{1}{4}$ of Section 11, in Township 43 South, Range 16 West, SLB&M as illustrated on the appended portion of the St. George 7 $\frac{1}{2}$ Minute USGS Quadrangle.

* amended
legals:
NE $\frac{1}{4}$ NW $\frac{1}{4}$
Sec 11
via letter
dated
12/30/96

The area of the lease is on a shallow dip slope on the lower portion of the Shinarump Conglomerate member of the Chinle Formation.

Geology of the Lease surface is mostly exposed sandstone and shales of the Shinarump Conglomerate member of the Chinle Formation. During the present erosion cycle remnant sandstone boulders and carved sandstone blocks have been left on the dip-slope erosion surface. Remnant boulders and sandstone blocks comprise the mineral material to be recovered by the Permittee.

The surface does have some spotty colluvial soil cover primarily in depressions within the erosion surface. In the U. S. Department of Agriculture Soil Conservation Service and U. S. Department of the Interior Bureau of Land Management and the National Park Service in cooperation with Utah Agricultural Experiment Station publication "Soil Survey of Washington County Area, Utah", the Lease area is mapped as Eroded Badlands. In the Eroded Badland - Shalet soil complex supports native vegetation

that includes very sparse stand of galletta, cholla cactus, blackbrush, desert almond, and pricklypear.

Distribution of the mineral resource within the Permit is a scattered array of blocks and boulders that occur on the existing erosion surface over most of the permit area. This rock material is used for landscaping trade in the southwest.

There are no surface waters within or in vicinity of the Permit.

iii) A proposed description of the mining operation to include the following:

a) Estimated location, quantity, size and extent of the mineral deposit and an analysis of the minable reserve base.

Mineable rocks and boulders are scattered over the surface of the Permit. The quantity is estimated to be in circa 5,000 tons.

b) Analysis of the physical and chemical characteristics and quality of the mineral resource to be mined.

Although a mineral assay have not been made on the material to be mined a visual inspection indicates that the Shinarump sandstone and conglomerates have been cemented with silicious iron stained material that enhances the surface erosion features of the rock

surface. The stability of the rock material for the intended use is supported by the survivability of the rocks and boulders in the present erosion cycle.

c) Methods of mining including basic equipment to be used, mining factors or limitations, mining sequences, production rates, recovery factors mining depths stripping ratios, highwall limits and acreage to be affected.

Recovery of surface exposed boulders will be conducted along existing roads on the dip-slope of the Shinarump formation outcrop within the permit area. The outcrop extends over most of the permit surface. See enclosed St. George, Utah topographic map.

Mining will be conducted on an as needed basis. An estimated production of 500 to 1500 tons per year is scheduled in the term of this Minerals Permit. Mining will be accomplished by picking up loose rocks exposed on the surface using a front end loader and or crane, then loading them onto trucks for shipment from the permit area. The recovery factor will be a small percentage of the total Shinarump within the permitted ground. Only the surface material is now considered for mining. The removal of surface rocks and boulders will not degrade the value of the remaining Shinarump.

Access to the permit is from existing roads and trails. Minimal disturbance of the surface is anticipated as there is a large

Page 5 Feller - Notice of Intent

number of rocks along existing roads and trails. Also, most of the surface is exposed sandstone that will not be substantially damaged by travel with rubber tired equipment that will be used to pick up and haul the rocks and boulders to the loading area. Total surface disturbance will be minimal in the recovery area. One acres more or less may be used at the base of the recovery area as a stockpile/loading area.

d) Methods of materials handling including, separating, washing, crushing grinding beneficiating, weighing, measuring and stockpiling of ores and products.

As stated, the rocks and boulders will be picked up off the erosion surface and hauled to the loading/stockpile area. Loaded material will be hauled to the sales lot at 1203 West Sunset Boulevard and weighed as it comes into the sales lot. No other processing or treatment is anticipated. Quantities stored on the sales lot will ^{be} maintained as an inventory for walk in or ordered sales.

e) The method of abandonment of operations, protection of unmined recoverable mineral resources, and reclamation of mined lands.

It is anticipated that mining will be conducted as an ongoing operation for the next two or three years. It is anticipated that upon minimal abandonment procedures will be required as there will be no major

excavations, overburden removal, or waste disposal.

It is anticipated that some reclamation will be required for the disturbed recovery area and any new access roads that may be required. Reclamation will be accomplished at the end of the mining operation upon or the completion of the recovery of needed exposed boulders. Reclamation measures will include smoothing and reshaping any disturbed areas. As the proposed recovery area is limited to the surface outcropping boulders, mitigating measures needed to prevent landslides and erosion will not be required.

Reasonable measures will be taken to prevent unnecessary or undue degradation of State lands during this boulder removal operation.

Access routes are existing roads or trails and they will be maintained to a minimum width needed for the operation and will follow the existing contours where practicable. The recovery of boulders will not require the removal of any overburden.

Present plans do not envision the need for or storage of toxic material or equipment, nor the construction of any buildings on the project.

The recovery area will not disturb any known fisheries and boulder recovery will only minimally disturb any potential wildlife habitat.

Notification will be made to the authorized officer upon completion of recovery process and any needed reclamation of the site.

iv) Maps and cross sections as follows at a scale that is sufficient to show the information in adequate detail for review by agency.

a) A plan map of the area to be mined including lease boundaries, boundaries of approved logical mining units, surface improvements and surface ownership boundaries, outcrops of the mineral resource showing dips and strikes and locations of existing and abandoned mines.

Appended is a copy of a portion of the St. George USGS 7½ minute Topographic map illustrating the boundary of the Minerals Permit which is the mining unit for the mineral resource being recovered. Also, appended is a portion of the BLM Resource Management Plan map of land status. In the Permit area ownership is vested in the State of Utah and adjacent lands by Fee Owners.

b) Isopach maps of the mineral deposits and of the overburden and interburden.

Not applicable as recovery of the resource does not require removal of overburden and lies on the existing erosion surface.

c) General layout of proposed surface or strip mining including planned sequences of mining,

cross sections of typical pits showing highwalls, fenders and spoils configurations.

Not applicable as recovery of resource does not require stripping or spoil piles.

d) General layout of proposed underground mining ---.

None proposed.

e) General layout of proposed auger mining including the area ----.

None proposed.

v) An explanation as to how maximum economic recovery of the mineral resource located upon the leasehold will be achieved by the mining operation.

As there is a limited market for decorative rocks and boulders, maximum economic recovery of the mineral resource is dependant on sales. Feller Stone Inc. has an aggressive marketing group and a sales lot in St. George that will maximize sales of this resource.

vi) A general reclamation schedule for the life-of-the-mine.

As there will be minimal disturbance site specific reclamation will not be needed except where some new trail or new road is no longer required to recover the mineral resource. Such trails or roads will be reclaimed when

and if no longer required in the operation.

vii) The name and address of the surface owner and evidence that applicant has notified the surface owner of the intent to commence mining.

The surface owner of the Permit is the State of Utah and the State has been notified in writing that Feller Stone Inc. intends to commence mining.

vii) Evidence that the applicant has notified the Utah Division of Oil, Gas & Mining of the intent to commence mining.

A copy of this Plan of Operations - Notice of Intent to Commence Small Mining Operations will be sent to the State of Utah, Department of Natural Resources, Division of Oil, Gas and Mining. A copy noting the receipt of and approval Feller's Intention to Commence Small Mining Operations will be forwarded to the State of Utah ~~SAITLA~~ when recieved.

ix) Such other relevant information as may be required by the School and Institutional Trust Lands Administration to review the proposed plan of operation.

Feller Stone Inc. is aware of the existing right-of-way for the City of St. George power line along the north section line of Section 11, T. 43 S., R. 16 W. and will not conduct mining operations that will interfere with the right-of-way.

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(c) A cultural resource survey of the lands to be effected by mineral exploration/mining may be required at the expense of the lessee or operator. Required cultural resource surveys ---.

Note - Because of topography, surface rock outcrops and the remoteness from water it is not probable that this area contains any cultural resource.

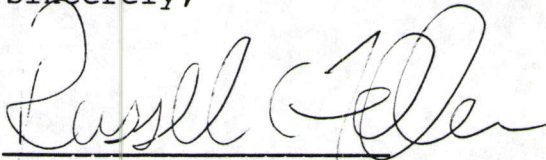
(d) Seismic, core and other exploratory or monitoring holes must be plugged ----.

No drill holes have been used and none are contemplated in the mining of this mineral resource.

(e) Prior to the commencement of any mineral exploration of (sic) mining operations upon lands under a state mineral lease, the lessee or designated operator must post an operations bond ----.

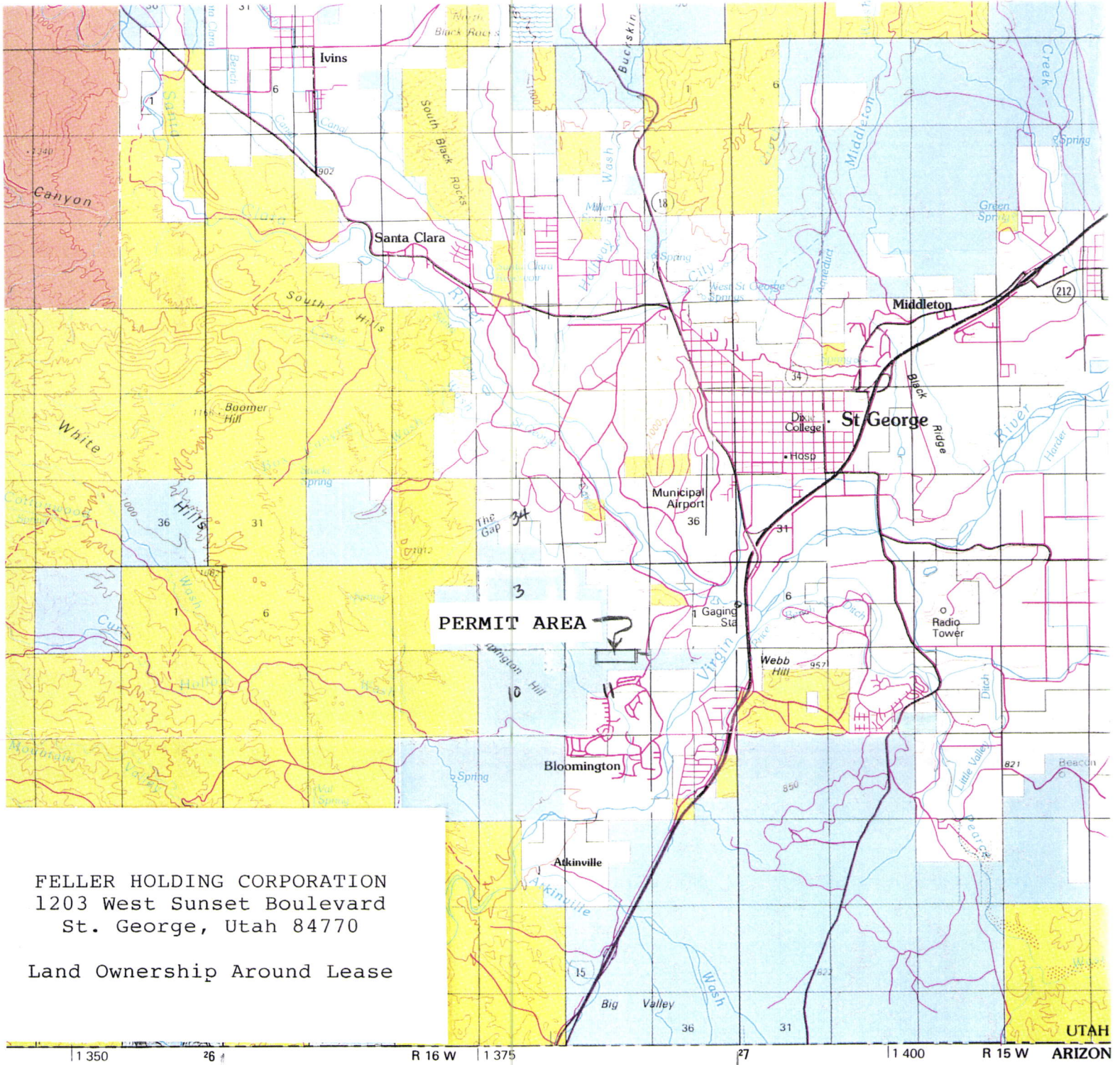
An Operations Bond will be obtained upon issuance of the Mineral Commodity Materials Permit in the amount required.

Sincerely,

A handwritten signature in cursive script, appearing to read "Russell C. Feller", written in dark ink.

Russell C. Feller

President, Feller Holding Corporation



Public Lands (Administered By
 Bureau of Land Management)



Oregon & California Lands (O&C Lands)
 Coos Bay Wagon Road (CBWR)



National Forest



National Grasslands



National Parks and Monuments



Indian Lands or Reservations



Military Reservations and Withdrawals
 Corps of Engineers



Wildlife Refuges



Bankhead-Jones Land Use Lands

(L.U. Lands)



Tennessee Valley Authority



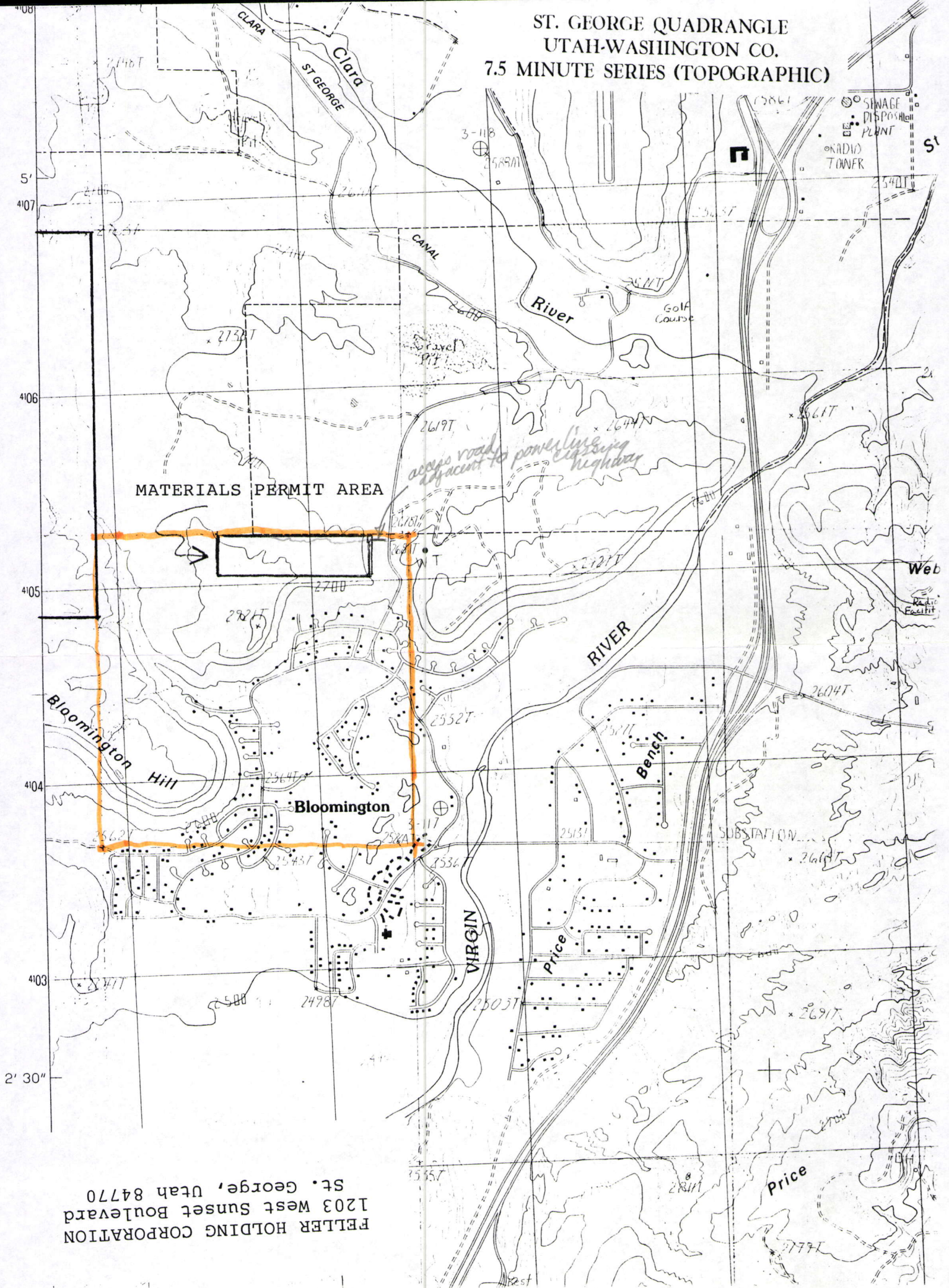
Patented Lands



State Lands



ST. GEORGE QUADRANGLE
 UTAH-WASHINGTON CO.
 7.5 MINUTE SERIES (TOPOGRAPHIC)



FELLER HOLDING CORPORATION
 1203 West Sunset Boulevard
 St. George, Utah 84770